

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1295-01
Bill No.: HB 453
Subject: Energy; Contracts and Contractors; Labor and Management
Type: Original
Date: February 15, 2013

Bill Summary: This proposal changes the definition of “construction” and “maintenance work” and defines “major alteration” with regard to prevailing wages of public works projects.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Conservation Fund	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **City of Kansas City, Department of Labor and Industrial Relations, Linn State Technical College, Metropolitan Community College, Northwest Missouri State University, Office of Administration, Parkway School District, Special School District, St. Louis County** and the **University of Central Missouri** each assume there is no fiscal impact to their organization from this proposal.

Officials at the **Department of Conservation** assume this proposal has the potential to reduce contracted construction expenditures in the amount of \$100,000 or greater per year because it would significantly reduce the type and number of projects that would require payment of prevailing wage.

Officials at the **Missouri Southern State University** assume the impact is unknown.

Officials at the **Missouri State University** assume a savings of \$15,000 annually.

Officials at the **University of Missouri** assume that if this proposal were to have an impact it would be less than \$100,000 annually.

Officials at the **Missouri Western State University** assume this would have an impact on the University as they are currently requesting prevailing wage rates on the smallest of projects. This proposal would save them a little money on the smaller projects and a lot of time in regards to paperwork and processing.

Officials at the **City of Columbia** assume this proposal would provide an unknown cost savings.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Lee Summit Public Schools, Mexico Public Schools, Nixa Public Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, and Sullivan Public Schools did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, Harris-Stowe, Jefferson College, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College and Truman State University did not respond to **Oversight's** request for fiscal impact.

Oversight will reflect a savings over \$100,000 for local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
CONSERVATION FUNDS			
<u>Savings</u> - Department of Conservation - changes to prevailing wage definitions	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>
ESTIMATED NET EFFECT ON CONSERVATION FUNDS	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - Local Political Subdivisions - changes to prevailing wage definitions	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>

FISCAL IMPACT - Small Business

Small businesses that no longer receive prevailing wage could be impacted.

FISCAL DESCRIPTION

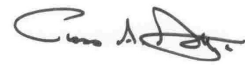
This bill changes the laws regarding prevailing wages on public works projects. In its main provisions, the bill:

- (1) Revises the definition of “construction” as it relates to the provisions regarding prevailing wages on public works projects to include new construction, enlargement, or major alteration. Currently, it includes construction, reconstruction, improvement, enlargement, alteration, painting and decorating, or major repair;
- (2) Revises the definition of “maintenance work” by removing the exclusion of the replacement of an existing facility and including the restoration of the material condition or operation or the painting or repainting of an existing facility; and
- (3) Defines “major alteration” as an alteration or structural change to an existing public facility in which the total overall project exceeds 400 square feet and is not performed by employees of a public body. Major alteration also includes renovation projects associated with road and bridge construction.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Columbia
City of Kansas City
Department of Conservation
Department of Labor and Industrial Relations
Metropolitan Community College
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Special School District
St. Louis County
University of Central Missouri
University of Missouri



Ross Strope
Acting Director
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